

Special Edition

9th September 2013

Dear Owners and Investors,

This last couple of weeks has been a bit on the funny side for rentals. There is still very little to rent, some of them I have struggled with getting any real interest and then there are others that just walk out the door. The volume of enquiries has been much lower than normal - or what I would expect given that there is really nothing to rent. I think it could have something to do with the election - time will tell.

I have done up a summary of the available rentals. I have used www.realestate.com.au as this is really the main option when looking at rentals. The days of putting an advert in the Cairns Post and getting a tenant this way are long gone. The last advert that I put in was a few months ago - it is all on line now. Not only do I get a better quality of tenant, but I seem to achieve higher rents as they can see the photos and do their own research before ringing me.

In a Special Edition I wrote in April 2012 and made the following prediction

"With the rents, I don't have a crystal ball but I would like to think that by the end of 2013 we will see the bedsit units renting for \$170 and the two bedroom units \$250 per week. This is assuming they are well presented internally and fully furnished. It will come down to supply and demand. If we are tight on rentals now and the economy hasn't started to boom, I think these are achievable."

Just like Kryten in Red Dwarf I am going to switch to Smug Mode (for those that aren't fans <http://www.youtube.com/watch?v=JD9d0ZrBnLE>)

The question is am I good - or am I great? We have rented out 6 bedsits so far for \$170 per week this year. We had a tenant vacate a bedsit at Palm Trees this week - he has been there for a very long time. I don't have the records at home but I would guess it would be at least 8 years.

When he went in, we did pretty much nothing to the unit internally apart from putting in the furniture. When someone is living in a unit, the presentation looks good, but it isn't until they move out and the place is vacant that you see how tired it is. I really was expecting the worst and thought that we would need to repaint and put all new furniture in. Apart from the cost to the owner, it is the time to get it done as Bart the Wonder Handyman is out of action at the moment. Brad the Bogan painter has gone walk about, so my options to get work done well and cheaply are limited.

Maureen did the exit inspection and the news was fantastic - the place looks great. I went in to do my checks and although there are some things that need to be done - new toilet cistern, new curtains, new sofa and a few other maintenance items - the place presented really well.

I have been aiming high on this one, and have had it advertised at \$175 per week. I figured the demand is there and we have achieved \$170 for the last few - so I had nothing to lose. The tenant left on Thursday morning. On Thursday afternoon we showed through a couple who were positive they would take it - but our thoughts are until the money is in the bank it isn't rented.

On Friday I showed through a lovely young lady who will be great. She wanted to move in ASAP and I explained that there are some things that I would like to get done to the unit, but they won't get done for a few weeks. She didn't mind at all. She has moved in as of this morning at \$175 per week. I am doing a little dance in my chair as I type this!!! Who would have ever thought in those dark days that not only would I get a fantastic tenant, but one willing to pay \$175 per week for a BEDSIT!!! This is a \$20 per week increase for these owners. Happy owners, happy tenant and a very happy Property Manager!

If you look at the comparison chart I have attached, you will see that there is 10% less units to rent than there was in November 2012. With both houses and rentals there was a spike in available rentals in February - this traditionally is our quiet season and we have a fair few change over's in December and January. What is also interesting to note is that in November we had 7 that were under \$150 per week and now we only have 2. The rents are creeping up brackets and this is great news for us as investors.

The same situation is present for houses. In November 2012 there were 63 houses \$300 and under. There are now just 45. On the flip side in November there were 45 houses between \$400 - 500 per week and now there are 69. This highlights to me that the number of rentals is getting less but the achievable rents are going up - and quickly.

I am asked by potential new clients why we charge differently to the others. There are lots of reasons, but here is another one. Many of us have units at 1 Chester Court - Viewmont. The minimum that we achieve is \$175 per week at the moment. The great majority of our units haven't been upgrading and are nearly as tired as I feel some days. There is a unit that has come up in the complex - one we don't manage of course - and they are going to rent it out for \$160 per week.

When you consider we just achieved (and easily) \$175 per week for a bedsit unit, this owner is missing out on potential rent. I try to keep the costs down where possible, and get as much improvement for you money as possible. These things need to be done to get the extra rent and better tenants.

It is my job to keep you informed of what needs to be done in your unit to get a better return for your investment - it isn't just about getting the unit rented.

Now on to the light stuff.

Although I am now not on the renovations as often, Ramon still is and wears his working clothes that by the end of the day are covered in dirt, dust and paint. We have a block of units on Grafton Street and we had to go there one night to check something. Both of us were dressed as we were going out to dinner. Ramon knocked on the door of the Koreans to check that everything was alright.

A few days later he had to go back as the hot water system was leaking and he had to work out why. This meant cutting the concrete where the pipe was so there was dust and dirt all over him. The main Korean lady came out and Ramon checked if everything was still alright. The other Korean tenants came out and didn't recognise Ramon. They told her that he isn't the same person that came on Sunday - that man was better dressed and much better looking. Oh how I laughed!

To finish off is going to be another story about Ron from Sheridan Street. He is now at Masonic Care in Whitfield and he is still ticking along fine. You know that Ramon and I went for a lovely country drive the other day - up to Mareeba to pick up his electric wheel chair.

When we took it in to him and Ramon did a test drive with him around the block we thought he might have some trouble with it. He has had some hand eye co-ordination issues after the last stroke - oh that and he has a dead eye and a lazy eye. He loved his new electric wheel chair as it gave him the ability to go down to play Bingo rather than wait for someone to come and get him.

It was about two weeks later that I got the call from the Manager asking if I had it approved for Ron - didn't know I had to get approval. It seems that he is like a drunken sailor with it and bumps into walls, food trolleys and people. They tested him at the slowest pace - even slower than walking and he still couldn't get the hang of the chair.

Great, so now what are we going to do - you can't exactly tell Ron he is a crappy electric wheel chair driver and revoke his licence! Instead we have hatched a plan and disconnect the battery - the nursing staff know this so they don't reconnect it again. So now at home we have a manual wheelie walker - Ramon thinks this is great as he can put the washing basket on it, we have the slow go-go mobile, we have the super fast go-go mobile and now we have an electric wheel chair. Don't ask me when we will find time to clean them up and put them up for sale!!!

If you had of told me 20 years ago as I strutted down St Georges Terrace in my Barbie high heels and business suit that I would be doing what I do now - I would have thought you were crazy. I hope the Big Man in the Sky is taking notes!!

I hope you are all happy and well in your world.

Linda